TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 721 - SB 777

February 22, 2015

SUMMARY OF BILL: Exempts motor vehicles three years old or less, which have odometer readings less than 36,000 miles at the time of sale by a motor vehicle manufacturer or a licensed motor vehicle dealer, from vehicle emissions inspection requirements, provided the owner or operator provides an affidavit on a form prescribed by the Department of Environment and Conservation (TDEC) certifying that the vehicle meets the specified criteria. This act shall be effective on January 1 following the date on which the United States Environmental Protection Agency approves a revised state implementation plan.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –
$90,000/FY16-17/Environmental Protection Fund
$180,000/FY17-18 and Subsequent Years/Environmental Protection Fund

Decrease Local Revenue – $137,500/FY16-17
$275,000/FY17-18 and Subsequent Years

Assumptions:

- TDEC estimates that the bill will not take effect until January 1, 2017, to allow for rulemaking and approval from the U.S. Environmental Protection Agency. Therefore, the first fiscal year impacted will be FY16-17, which will be considered a half-year impact.
- According to TDEC, Metropolitan Nashville/Davidson County manages its own program. The state manages programs in all other counties through a third-party contracting fee of $9.00 for each vehicle tested.
- For each program except for Metropolitan Nashville/Davidson County (MN-DC) program, $1.00 is allocated to the county clerk who processes a registration; $1.80 is allocated to TDEC, and $6.20 is retained by the third party vendor.
- TDEC does not receive any portion of the $9.00 fee collected from the MN-DC program. The $9.00 fee for the MN-DC program is allocated $3.50 to MN-DC and $5.50 to the third party vendor.
- TDEC estimates that approximately 100,000 vehicles will be exempted in any given year from the emissions requirement relative to all programs except for the MN-DC program; and 50,000 vehicles will be exempt in any given year under the MN-DC program.

- Relative to all programs, except for the MN-DC program, the recurring decrease in state revenue to TDEC is estimated to be $180,000 (100,000 vehicles x $1.80 allocation) beginning in FY17-18; the decrease in state revenue to TDEC in FY16-17 is estimated to be $90,000.
- Relative to all programs, except for the MN-DC program, the recurring decrease in local revenue is estimated to be $100,000 (100,000 vehicles x $1.00 allocation) beginning in FY17-18; the decrease in local revenue in FY16-17 is estimated to be $50,000.
- Relative to the MN-DC program, the recurring decrease in local revenue is estimated to be $175,000 (50,000 vehicles x $3.50).
- The total recurring decrease in local government revenue is estimated to be $275,000 ($100,000 + $175,000) beginning in FY17-18; the decrease in local revenue in FY16-17 is estimated to be $137,500.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Jeffrey L. Spalding

Jeffrey L. Spalding, Executive Director

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